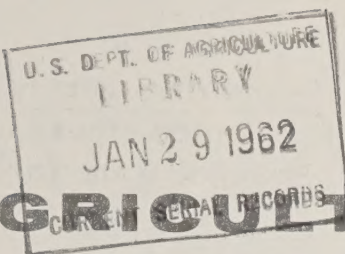


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FOR RELEASE
JANUARY 25, a.m.

AGRICULTURAL OUTLOOK DIGEST

ECONOMIC RESEARCH SERVICE • U. S. D. A. • WASHINGTON, D. C. AOD-85 JANUARY 1962

Farmers realized a total net income of \$12.7 billion in 1961--a billion dollars more than 1960 -- and the highest since 1953.

Cash receipts from marketings and Government payments to farmers for all of last year were each up about 3/4 billion dollars from 1960....Partially offsetting was a rise of \$500 million in production expenses....Largest gains in cash receipts were registered by soybeans and hogs.

FEED GRAIN--So far this feeding year, feed grain prices have averaged above the early 1960-61 level....And they have also been more stable....From October-December, prices were about 8 percent higher than in the same period of 1960.... Price supports for 1962 feed grain crops, announced by USDA January 9, are the same as in 1961--corn, \$1.20 per bushel; sorghum grain, \$1.93 per cwt.; oats, 62 cents per bushel; and barley, 93 cents per bushel.

The total supply of feed grains for 1961-62 is estimated at 226 million tons, about a 5-million-ton drop from 1960-61. Allowing for disappearance at near last year's 146 million tons, about 5 percent less feed grain would be carried over into 1962-63 than the 84.4 million tons carried over at the start of this season.

EGGS--Egg output will top year-ago levels in the first quarter of '62, with prices running significantly below. In early January, Iowa farmers received around 26 cents for a dozen eggs compared with 29 cents a year ago.

POULTRY--Broiler prices rose rapidly from November to December and have leveled off since. They are now averaging close to year-earlier levels. The outlook over the next few months is for production to be close to the same period a year ago.

HOGS--This spring's pig crop will be about 2 percent larger than last spring if farmers fulfill their December 1 intentions....Most of the gain will occur in the Corn Belt and the South Atlantic States....Such a crop will total about 51.5 million head, marking the second straight year of a gradual increase in hog production. Figuring prominently in the uptrend is the plentiful supply of feed grain and oilseed available.

Hog slaughter is declining seasonally; prices are rising. In late winter, this situation should be temporarily reversed as pigs from peak fall farrowings come to market. Slaughter and prices in March and April probably will be near year-ago levels.

CATTLE--Fed cattle prices eased upward at year's end after general stability during the fall. The December average of \$26.13 for Choice steers at Chicago was only slightly below the previous December. Prospects are for fed cattle prices to be stable through the first quarter.

MILK--Wholesale milk prices are likely to average a little lower in the first quarter of 1962 than a year earlier....A gain in production without equal gains in consumption of fluid milk is the main reason....Prices of manufacturing milk are expected to average around the \$3.40 support level. Prices of milk eligible for fluid use will be down from a year ago....By April 1, price supports will be announced for the coming marketing year.

SOYBEANS--The price support for 1962 crop soybeans has been set at \$2.25 per bushel compared with \$2.30 per bushel this year.

The soybean supply for 1961-62 is estimated at 699 million bushels, up 120 million bushels from last year. Crushings are forecast at a record 425 million bushels--about 6 percent above last year's crush. Exports are expected around 170 million bushels, up nearly one-third from 1960-61. This would result in a carryover of 65 million bushels on September 30, 1962--59 million above the unusually small carryover last year.

COTTON--Smaller exports of cotton during 1961-62 will slightly increase the cotton carryover next August 1, from the 7.2 million carryover of last August. The decline in exports primarily reflects the working down by foreign countries of their own stocks.

USDA has set price supports for the 1962 crop at the same levels as in 1961--31.88 cents per pound for upland cotton and 53.17 cents per pound for extra long staple.

TOBACCO- Americans smoked a record of around 503 billion cigarettes in 1961, nearly 4 percent more than in 1960. Consumption of cigars and cigarillos--at about 7,150 million--also was high, up slightly from 1960 and the highest since 1923....Further gains are expected for cigarettes and cigars in 1962.

VEGETABLES- The severe freeze in early January damaged fresh market vegetables in Florida and Texas....Texas was hardest hit....Forecasts as of January 1 indicated a slightly smaller crop this winter than last. But freeze damage since then will reduce output further.

FRUIT--The Texas citrus crops and trees were also extremely hard hit by freezing weather in mid-January....Total damage has not yet been fully assessed. It appears, however, that damage is severe and that not much additional fresh citrus will be shipped from Texas this season. In Florida at the turn of the year, frost caused some damage but it is expected that most of the fruit can be salvaged. California citrus had some light frost damage.